

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FBIE-00 SEC-01 JUSE-00 SP-02 AID-05

EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01

FTC-01 INT-05 AGR-05 IO-10 /109 W
----- 019177

R 121740Z JUN 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 1534

INFO AMCONSUL MILAN

AMCONSUL NAPLES

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DEPARTMENT ALSO PASS FBI

E.O. 11652: N/A

TAGS: PINT, PFOR, EGEN, IT, US

SUBJECT: ITALIAN POLICE REQUEST FOR INFORMATION ON ALLEGED BRIBES

PAID BY US MULTINATIONALS

REF: (A) ROME 7355, 5/20/75; (B) ROME 1540, 2/2/74; (C) ROME 2156,
2/14/75; (D) ROME 2730, 2/26/74

1. SUMMARY: RECENT ITALIAN PRESS REPORTS HAVE PLAYED UP REPORTS
THAT OFFICIALS OF US MULTINATIONALS (PETROLEUM COMPANIES AND
UNITED BRANDS) HAVE ALLEGEDLY BRIBED GOI OFFICIALS. THE LEGAL
ATTACHE HAS RECEIVED TWO OFFICIAL REQUESTS FROM THE ITALIAN NATIONAL
POLICE (INP) FOR INFORMATION. BECAUSE OF THE POLITICAL RAMIFICA-
TIONS OF THIS ISSUE, THE EMBASSY WOULD APPRECIATE DEPARTMENT COMMENT.
END SUMMARY.

2. AS REPORTED REFTTEL (A), RECENT REVELATIONS IN THE WALL STREET
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JOURNAL, CONGRESSIONAL HEARINGS AND DECLARATIONS OF HIGH COMPANY

OFFICIALS THAT BRIBES HAVE BEEN PAID TO ITALIAN OFFICIALS HAVE RECEIVED WIDE MEDIA COVERAGE IN ITALY. THE COMPANIES PUBLICALLY INVOLVED ARE: UNITED BRANDS, ACCUSED OF MAKING BRIBES TO INCREASE ITS SHARE OF THE ITALIAN BANANA MARKET IN THE 1972-74 PERIOD, AND VARIOUS OIL COMPANIES (SO FAR INCLUDING CHEVRON (STD. OF CALIFORNIA), AMOCO (STD. OF INDIANA, EXXON, GULF AND MOBIL) ALL ACCUSED OF PAYMENTS TO GOI OFFICIALS FROM 1967 TO ABOUT 1972.

3. THE US-GENERATED PUBLICITY HAS LED TO MEDIA DEMANDS FOR APPROPRIATE INVESTIGATIONS AND JUDICIAL INTEREST IN THE MATTER HAS BEEN REVIVED. THE EMBASSY HAS BEEN APPROACHED (5/22/75) BY THE ITALIAN NATIONAL POLICE (INP), WHICH NOTES THAT THE PUBLIC PROSECUTOR OF ROME HAS REQUESTED THAT EFFORTS BE MADE TO DETERMINE IF THE US SENATE OR OTHER US AGENCIES HAVE ACTUALLY INITIATED AN INQUIRY INTO THIS MATTER AND, IF SO, THAT EFFORTS BE MADE TO OBTAIN THE FOLLOWING: COPIES OF REPORTS, COMMUNICATIONS AND STATEMENTS MADE BY REPRESENTATIVES OF THE US PETROLEUM COMPANIES; COPIES OF DOCUMENTS UPON WHICH THOSE STATEMENTS WERE MADE; ALL POSSIBLE INFORMATION CONCERNING THE NATURE, SCOPE, METHOD, TIMES AND DESTINATION OF THOSE SUBSIDIES AND CONCERNING THE POSSIBLE CONTINUATION OF SUCH SUBSIDIES. INP FURTHER NOTES THAT REPORTS INDICATE SOME US AGENCY IS PREPARING A REPORT ON THE PETROLEUM PAYMENTS, WISHES TO KNOW IF THE INFORMATION IS CORRECT, AND IF SO, ASKS FOR ALL AVAILABLE PERTINENT INFORMATION.

4. RE BANANA SCANDAL (UNITED BRANDS), ON 4/28/75 INP ASKED THAT LEGAL ATTACHE INQUIRE IF OFFICIAL SECURITIES AND EXCHANGE COMMISSION (SEC) INVESTIGATION WAS UNDERWAY. AFTER ASKING SEC, THE LEGAL ATTACHE INFORMED INP THAT NO INVESTIGATION HAD BEEN MADE CONCERNING THE ALLEGATION THAT UNITED BRANDS HAD BEEN PAYING BRIBES TO ITALIAN OFFICIALS. THIS REPLY NOTWITHSTANDING, JUNE 6 STORY APPEARING IN SLICK-COVER WEEKLY EUROPEO QUOTES FROM INTERVIEWS WITH SEC DEPUTY DIRECTOR TED LEVINE AND FEDERAL PROSECUTOR DAVID KING WHICH INDICATE THAT THE INVESTIGATION OF THE "ITALIAN" CONNECTION" HAS BEEN FAIRLY THOROUGH. (COPY POUCHED TO EUR/WE.)

5. IN REFERENCE TO INP REQUEST, THE EMBASSY NOTES THE FOLLOWING FACTORS:

(A) THE "PETROLEUM" SCANDALS ARE NOT NEW; IN FACT, THE CURRENT REPORTS ARE ALL OF US-ORIGIN AND ADD LITTLE (EXCEPT CONFIRMATION) LIMITED OFFICIAL USE

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TO THE BASIC MATERIAL UNCOVERED BY A GENOA PROSECUTOR IN EARLY 1974. SUBSEQUENTLY, THE INVESTIGATION WAS TRANSFERRED TO A SPECIAL PARLIAMENTARY COMMISSION FOR THE INVESTIGATION. TECHNICALLY, RESPONSIBILITY STILL RESTS WITH PARLIAMENT EVEN THOUGH THE PARLIAMENTARY COMMISSION RECENTLY FORMULATED A LIST OF CHARGES (CAPO D'IMPUTAZIONE) AGAINST EX-MINISTER OF INDUSTRY MAURO FERRI (PSDI) AND HIS ASSISTANT, DR. PANEVELLO, ADDITIONAL FIGURES MAY BE INVOLVED. THE FACT IS THAT THE ITALIAN PARLIAMENT HAS ALREADY

IN ITS POSSESSION ALL LOCALLY AVAILABLE DOCUMENTATION CONCERNING
PAYMENTS BY THE PETROLEUM COMPANIES;

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(B) LEAKS FROM THE PARLIAMENTARY INVESTIGATION SUGGEST THAT
PROMINENT MEMBERS OF MOST ITALIAN POLITICAL PARTIES MAY BE
INVOLVED IN THE SCANDAL. THERE HAVE BEEN WIDESPREAD CHARGES THAT
THE PARLIAMENTARY INVESTIGATION WILL BE A WHITEWASH, AND THAT THE
ALLEGED MALEFACTORS WILL GET OFF. SOME OF THIS IS PRE-ELECTION
MANEUVERING (IMPORTANT ELECTIONS WILL BE HELD JUNE 15), BUT THE
EMBASSY NOTES NO GREAT DESIRE BY THE POLITICAL PARTIES POTENTIALLY
INVOLVED TO REACH A CONCLUSION OF THE INVESTIGATION. NEEDLESS TO
SAY, INFORMATION REGARDING THE ACCEPTANCE OF POLITICAL CONTRIBUTIONS
COULD BE HIGHLY EMBARRASSING TO THE INDIVIDUALS INVOLVED, AND COULD
RESULT IN PRISON TERMS;

(C) PRESS REPORTS STATE THAT THE MINISTRY OF FOREIGN AFFAIRS,
THROUGH THE ITALIAN EMBASSY IN WASHINGTON, HAS REQUESTED A COMPLETE
REPORT FROM THE DEPARTMENT OF STATE ON BOTH THE PETROLEUM AND
BANANA AFFAIRS. FURTHER, CURRENT MINISTER OF FOREIGN TRADE
DE MITA HAS ORDERED AN ADMINISTRATIVE INVESTIGATION OF THE CHARGES
INVOLVING HIS MINISTRY (THE BANANA SCANDAL).

6. EMBASSY WOULD APPRECIATE COMMENTS OF DEPARTMENT AND OTHER
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INTERESTED AGENCIES RE ABOVE CONSIDERATIONS AND EVENTUAL EMBASSY
RESPONSE. SCANDALS INVOLVING PAST, AND POSSIBLY CONTINUING,
RELIANCE OF ALL RPT ALL POLITICAL PARTIES ON UNDERCOVER
FINANCING FROM INDUSTRY AND COMMERCE ARE POTENTIAL POLITICAL
DYNAMITE. MANY INVESTIGATING MAGISTRATES ARE HIGHLY POLITI-
CIZED, AND, ALTHOUGH SUBJECT TO STRICT RULES OF SECRECY, LEAK
SENSATIONAL INFORMATION TO PRESS, OFTEN MENTIONING SOURCE.
EMBASSY PREFERS THEREFORE THAT ANY INFORMATION PROVIDED IN
RESPONSE TO OFFICIAL ITALIAN REQUESTS BE PROVIDED THROUGH
FORMAL DIPLOMATIC CHANNELS; THAT IS, THROUGH THE ITALIAN
EMBASSY IN WASHINGTON TO THE MINISTRY OF FOREIGN AFFAIRS. HAS
DEPARTMENT IN FACT BEEN APPROACHED BY ITALIAN EMBASSY (AS PRESS
REPORTS HERE INDICATE), AND IF SO, WHAT WAS THE RESPONSE? WE
HAVE TOLD INP THAT WE ARE STUDYING THE REQUEST, AND REMINDED
THEM THAT THE ITALIAN EMBASSY IN WASHINGTON IS PRESUMABLY OB-
TAINING INFORMATION AS WELL. WE ARE PREPARED TO TELL THEM
THAT THE MATTER MUST BE HANDLED THROUGH DIPLOMATIC AND NOT
RPT NOT POLICE CHANNELS, PARTICULARLY SINCE PETROLEUM
INVESTIGATION IS IN HANDS OF PARLIAMENTARY COMMISSION. SINCE
LEGAL ATTACHE'S OFFICE HAS RECEIVED SEVERAL FOLLOW-UPS FROM
ITALIAN POLICE AUTHORITIES, RESPONSE WOULD BE APPRECIATED ASAP.
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